REMARKS/ARGUMENTS

Status of the Claims

Claims 1-23 are pending in the instant application. Claims 1-23 were substantively examined and rejected under 35 U.S.C. §112, second paragraph as being allegedly unclear, and 35 U.S.C. §103(a) as being allegedly obvious over various references.

Claim 1 is amended to correct a typographical error in the outline symbols for its subparagraphs, thereby overcoming the rejection under 35 U.S.C. §112, second paragraph. Subparagraph (c) is also amended by inserting the word "at" between the words "for" and "least," correcting a typographical error. This subparagraph is further amended by removing the word "said," appearing before the term "end users". Subparagraph (c) is the first instance of the use of the term "end users," hence "said" is inappropriate in this location.

Claim 15 is amended by removing the word "is," correcting a typographical error in the claim.

The Applicant respectfully traverse the rejection under 35 U.S.C. §103(a), asserting that a proper *prima facie* case of obviousness had not been set forth.

The Invention

Applicant claims a method for procuring energy efficient equipment and deploying this equipment at multiple end user's sites. The sites are audited for the presence of equipment replaceable by energy efficient equipment and the equipment is procured and deployed without the end user paying a fee. The saved energy at the multiple sites is measured by the implementing entity and the saved energy is sold to the end users by the implementing entity. The cost of the energy sold is less than the cost of acquiring the energy from an energy generating entity.

The inventors have recognized that the claimed method offers hitherto unrecognized advantages. For example, the claimed method is practiced by aggregating the procurement energy efficient equipment, and the costs thereof across multiple sites. Aggregating the procurement of the equipment allows the implementing agency to achieve efficiency in

pricing of the equipment that would not be available were the equipment procured for an individual site or serially for multiple individual sites. A similar efficiency accrues from aggregation of the costs of equipment deployment, measurement of energy saved and resale of saved energy.

As set forth below, none of the cited references, either alone or in combination disclose or suggest the method described above.

Response to Claim Rejections Under 35 U.S.C. §112, second paragraph

Claims 1-23 are rejected under 35 U.S.C. §112, second paragraph as allegedly being indefinite. The Examiner notes that the paragraph numbering scheme of claim 1 is confusing. Applicant has amended claim 1 to correct the typographical error (two paragraphs labeled (c)) causing the confusion. As the amendment rectifies a typographical error, no new matter is added thereby. Applicant submits that the claim as amended is clear and request the withdrawal of the instant rejection.

Response to Claim Rejections Under 35 U.S.C. §103

Over Yablonowski in view of Hickman

Claims 1-12 and 16-21 are rejected under 35 U.S.C. §103(a) as allegedly being unpatentable over Yablonowski, *et al.* (US 6,535,859; "Yablonowski")) in view of Hickman, *et al.* (US 6,105,000; "Hickman").

The Examiner characterizes Yablonowski as teaching a method and system for maintaining lighting systems and for monitoring energy consumption of the lighting systems. As it relates to claims 1-2, 4-5 and 18-21, the Examiner characterizes the method as including auditing, procuring, deploying and measuring steps. The auditing step identifies equipment that can be replaced with more energy efficient equipment, resulting in energy savings. The implementing entity procures the energy efficient equipment, which is deployed at the end user site. The implementing entity then measures the energy saved at the end user's site using a method agreed upon by the end user and the implementing entity.

The Examiner admits that Yablonowski does not specifically teach selling the saved energy back to the end user at a price that is discounted relative to the price that it could be purchased from an energy generating company.

To remedy the deficiency in Yablonowski, the Examiner relies on Hickman, characterizing it as teaching a method and a system for a financial rebate system that provides rebates to purchasers or sellers of energy. The Examiner states that the Hickman method is based on the resale by a utility of excess energy at a discount.

The applicant respectfully disagrees with the Examiner's characterization of the teachings of the Yablonowski reference and submit that a proper *prima facie* case of obviousness of the instant claims cannot rely upon this reference.

The following discussion focuses on claim 1. The focus of the discussion is for clarity of illustration. It is understood that since each of claims 2-23 is either directly or indirectly dependent upon claim 1, the discussion is equally applicable to each of these claims as well.

A Proper Prima Facie Case of Obviousness Has Not Been Set Forth

As the Examiner is aware, to construct a *prima facie* case of obviousness, the Examiner must meet several criteria. First, there must be some suggestion or motivation, whether in the references themselves or in the knowledge generally available to one of skill in the art to modify the reference or combine the reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references) must teach or suggest all of the claim limitations. *See*, MPEP §2142. Moreover, to avoid the pitfall of hindsight, the Examiner must "identify specifically…the reasons one of ordinary skill in the art would have been motivated to select the references and combine them," *In re Rouffet* 47 USPQ2d 1453, 1459 (Fed. Cir. 1998). Applicant respectfully submits, that each of the required criteria has not been met. As each of the required criteria has not been met, a proper *prima facie* case of obviousness over the cited references has not been set forth.

PATENT

An important aspect of Yablonowski that requires mention is that the method disclosed therein requires that the end user of the energy efficient equipment be assessed a fee by the implementing entity:

> [a] first aspect is described for ***charging a fee to an end user*** where a service company upgrades and services a lighting system of the end user's facility. See, column 1, lines 59-61.

The importance to the method of charging the fee is reflected in the fact that it is an element recited in each of the independent claims, whether they are directed to the method or to the system used to practice the method. For example, claim 1, directed to the method includes, "f) *calculating a fee* as a function of said total energy usage..." Claim, 7, directed to a system for practicing the invention sets forth the element, "e) a processor, such that a total energy usage is determined and said processor *calculates a fee charged* by a service provider...". One method of calculating an appropriate fee is based on the difference between energy use prior to equipment upgrade and energy use following the upgrade:

> [t]he received power consumption data may then be used to calculate the ***fee charged to the customer***. See, column 2, lines 11-12.

Thus, the Yablonowski method and system require that a fee be charged to the end user of the energy efficient lighting equipment. In marked contrast to the method of Yablonowski, Applicant's invention, as presently claimed, ***requires that the end user is not charged a fee.*** Claim 1, explicitly recites:

> (c) deploying by said implementing entity of an energy saving replacement for at least one said candidate for

> replacement with said energy efficient equipment ***at no cost to said end user.***

Applicant's claim element of deploying the energy efficient equipment with levying a fee on the end user is neither disclosed nor suggested by the Yablonowski reference.

Moreover, Yablonowski focuses on the deployment of energy efficient lighting equipment at an individual site, or at multiple isolated individual sites. The reference is silent with regard to aggregating the procurement and deployment of energy saving equipment, and the costs and advantages thereof, across multiple sites. Thus, the reference can not be interpreted as suggesting the cost advantages and other economic efficiencies of aggregation that are a notable advantage of the Applicant's invention.

As acknowledged by the Examiner, the Yablonowski reference is also silent with regards to selling saved energy to the end user of the energy efficient equipment at a discount relative to the price of the energy if purchased from an energy generating entity.

The Examiner relies on Hickman to supply the element of selling excess power at a discount, concluding that it would have been obvious to modify Yablonowski to include selling the saved energy to the end user at a discount because it would stimulate end users to replace old equipment with more energy efficient equipment. The Applicant respectfully disagrees with the Examiner's characterization of Hickman and its application to the instant invention.

Hickman is directed to a method for ***avoiding*** selling excess power at a discount. Hickman characterizes transactions involving bulk energy as often placing sellers or buyers at substantial financial risk (column 1, lines 33-34):

> [f]or example, a utility may buy a block of electrical power...the utility may not need all the power it purchased and may have to sell the excess power at a ***discount.*** This often represents a ***substantial*** and unavoidable ***financial risk.*** See, column 1, lines 37-40.

The Hickman invention purports to "solve the prior art problems discussed above" (column 1, lines 51-52). Thus, Hickman must be interpreted as disclosing a method for a utility to avoid purchasing too much power and having to sell the excess at a discount. Moreover, Hickman characterizes the selling of excess power at a discount as undesirable, i.e., "substantial financial risk."

1. The Combination of Yablonowski and Hickman Does Not Disclose Each Element of Claim 1

Applicant's claim 1 explicitly recites the step of "selling by said implementing entity of said saved energy to said end users at a price that is less than the price of energy purchased from an energy generating company." This element is neither disclosed nor suggested by the references either alone or in combination.

As the Examiner recognizes, Yablonski fails to disclose the resale of saved energy to the end users of the energy efficient equipment. Hickman fails to supply the missing element. Hickman is directed to a method of providing a financial rebate to a consumer of energy. The rebate is a monetary rebate, not a commodity offered at a lower price. See, for example, the table at column 4, 25-33. A cash rebate is not the equivalent of a savings on the purchase of energy in which the dollar amount saved is tied to the energy savings at the end user site. The distinct nature of the Hickman rebate system and Applicant's claimed energy price discount is further exemplified by the fact that Hickman characterizes the sale of discounted energy as an undesirable "substantial financial risk," which the practice of the Hickman method avoids. Thus, the sale of discounted power set forth in subparagraph (e) of Applicant's claim 1 is neither disclosed nor suggested by the combination of Yablonowski and Hickman.

Furthermore, as discussed above, the Yablonowski method requires charging the end user of energy efficient lighting equipment a fee. In contrast, Applicant's claim 1 recites explicitly, in subparagraph (c), that the energy efficient equipment is deployed "at no cost to said end users." Thus, Yablonowski fails to disclose a method of procuring and deploying energy efficient equipment at no charge to the end user. Since, Hickman is not in any manner concerned with the procurement or deployment of energy efficient equipment, it cannot be said to suggest

deploying energy efficient equipment with no fee levied on the end user, the element of Applicant's claim 1 that is missing from Yablonowski.

Finally, the Applicant claims a method that relies on the efficiencies inherent in aggregating procurement of and deployment to multiple end users of energy efficient equipment. Claim 1 is replete with language that references the Applicant's recognition of the efficiencies inherent in aggregation of the steps of the method across multiple end users. In contrast, Yablonowski discloses a program that is practiced with single, isolated end users, and is silent about a method in which each step of the method involves aggregation of "multiple end users ". In contrast, Applicant's claim 1 explicitly recites that the method is practiced with multiple end users. Hickman does nothing to remedy the deficiency of Yablonowski in this regard.

In view of the analysis presented above, the combination of Yablonowski and Hickman cannot form the basis for a proper *prima facie* case of obviousness, because the combination of references fails to disclose at least three elements explicitly set forth in Applicant's claim 1:

(i) the resale of saved energy at discounted prices to multiple end users of the energy efficient equipment;

(ii) the deployment of energy efficient equipment at multiple end user sites without a fee levied on the end users; and

(ii) the practice of the method with aggregated multiple end users, resulting in economic efficiencies that are not present in a method practiced with individual, isolated end users.

Additionally, the references themselves do not motivate their combination, nor would one of skill derive the requisite reasonable expectation of success from the combination.

2. *Yablonowski and Hickman Fail to Motivate Their Combination*

In addition to the combination of references missing elements of claim 1, the references fail to motivate their combination. Moreover, even if the combination was motivated, because elements of claim 1 are missing from the combination, it cannot suggest the Applicant's invention.

Yablonowski is directed to a method in which a fee is levied on the customer for the deployed energy efficient equipment. Hickman discloses a method in which an energy supplying entity provides monetary rebates to its customers for power purchased but unused by the customer. Yablonowski does not suggest that any advantage would accrue were the disclosed method modified by providing rebates to the end user for power not used by the end user (Hickman). In fact, the goals of the inventions disclosed in the references are in conflict; Yablonowski wants to charge the customer for equipment, not refund money to the customer.

The Examiner has also failed to identify why one of skill would find it desirable to combine the disclosures of Yablonowski and Hickman. As held in *Winner International Royalty Corp. v. Wang*, 98-1553, page 17 (Fed. Cir., Jan. 27, 2000), the motivation to modify a reference ***must be based on what is desirable, not just on what is feasible***. The references, either alone or in combination fail to suggest that it would be desirable to combine their disclosures. As set forth above, elements of the references are in conflict with each other and cannot be combined without selectively deleting or modifying elements of the references. The references, however, fail to suggest the necessary deletions or modifications. For example, for the combination to suggest the Applicant's invention, one would have to delete the end user fee in Hickman and replace it with Applicant's no-fee deployment. No reference of record suggests the no-cost deployment. One would then have to modify the monetary rebate of Hickman, converting it to a discounted purchase price on energy saved by the no-fee deployment of energy efficient equipment. The references fail to suggest that either of these deletions or modifications would be desirable and the Examiner has not provided a line of reasoning that overcomes the lack of suggestion in the references for the combination.

Furthermore, assuming arguendo that the combination was proper, because several elements of claim 1 are missing from the combination, notably the no fee deployment and the resale of saved energy to the end user at a discount, the combination cannot be said to suggest the Applicant's invention. Since the only disclosure of the missing elements is found in the Applicant's specification, it is respectfully suggested that the Examiner has relied on impermissible hindsight in fashioning the instant rejection.

3. Hickman Teaches Away From a Method That Discounts the Sale of Energy

As discussed above, Hickman identifies the sale of energy at a discount as an undesirable "substantial financial risk." In marked contrast, Applicant's claim 1 explicitly recites that energy is sold to the end user at a discount. What the applicant has disclosed as a positive element of the invention Hickman characterizes as a negative to be avoided by practice of his method. Thus, Hickman teaches away from the invention set forth in claim 1 and cannot form the proper basis for a *prima facie* case of obviousness.

The Federal Circuit has held that a prior art reference must be considered in its entirety, including portions that would lead away from the claimed invention. *See* MPEP § 2143.02, citing *W.L. Gore & Associates, Inc. v. Garlock, Inc.*, 721 F.2d 1540 (Fed. Cir. 1983). A "useful general rule" is that references which "teach away cannot serve to create a *prima facie* case of obviousness." *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1354 (Fed. Cir. 2001)(citations omitted). "Proceeding contrary to the accepted wisdom...is 'strong evidence of unobviousness.'" *Ruiz v. Foundation Anchoring Systems, Inc.*, 234 F.3d 654, 667 (Fed. Cir. 2000)(citations omitted).

Each of the holdings in the above-referenced cases is relevant here; Hickman teaches away from selling energy at a discount, thus, from the invention set forth in claim 1. Therefore, Hickman cannot properly be used as the basis of a rejection under 35 U.S.C. §103(a) of claim 1 or its dependents.

4. The Combination of Yablonowski and Hickman Does Not Provide a Reasonable Expectation of Success

The combination of references is missing at least three elements of the invention as set forth in claim 1. Moreover, Hickman expressly teaches against sale of energy at reduced costs. Consequently, the combination of references cannot provide one of skill with the requisite reasonable expectation of success that they could arrive at the invention set forth in claim 1.

Firstly, one of skill would be required to search elsewhere for the element of selling saved power to the end user at a discount as this is absent from the references: in view of Hickman's teaching that selling power at a discount presents a substantial financial risk, one of

skill would be lead to the conclusion that a method that sold power at a discount was not useful and would not be motivated to undertake the search. Thus, one of skill would be led away from the invention of claim 1 by the teachings of the art and, consequently, would not have a reasonable expectation of successfully producing Applicant's claimed invention. Similar arguments apply with regard to the other claimed elements that are missing from the combination of the references.

5. Claims 2-12 and 16-17 are Non-Obvious Over Yablonowski in View of Hickman

As a threshold issue, each of claims 2-12 and 16-17 are either directly or indirectly dependent on claim 1, therefore, the arguments set forth above regarding claim 1 are equally applicable to its dependents. Accordingly, each of the dependent claims is patentably non-obvious over the art of record. A few specific points are worthy of note.

Regarding claim 3, the Examiner states that Yablonowski teaches the deployment of the claimed method at multiple end user sites in a coordinated manner. The element of coordination is actually set forth in Applicant's claim 2. Applicant have reviewed the sections cited by the Examiner but have been unable to locate disclosure relevant to the coordinated procurement and deployment of energy efficient equipment on behalf of a number of host customers. If, following review of the arguments advanced in favor of the non-obviousness of claim 1, the Examiner wishes to maintain this rejection, clarification is respectfully requested.

The Action does not appear to present a specific rejection of claim 3. Accordingly, if the Examiner wishes to maintain the instant rejections, Applicant request clarification of the status of claim 3 and an explanation of the reasoning underlying the rejection.

Regarding claim 6, the Examiner admits that neither of the cited references teach a method in which auditing of a particular class of equipment is performed by an expert in the class. Official Notice is taken, however, that it was old and well-known in the art to have a specialist in the field audit a particular class of energy using devices. The Examiner is respectfully reminded that the invention must be viewed as a whole. The Applicant do not claim a method of auditing by a specialist rather than a generalist, but rather a method according to claim 1 that is further distinguished by its reliance on a specialist rather than a generalist to

perform the auditing. There must be some suggestion in the art, which is not presently of record, to combine the inventive method with auditing by a specialist.

Regarding claims 7-9 and 12, the Examiner asserts that Yablonowski teaches a method in which actual cost, rather than estimated cost, of energy saving equipment is utilized to project financial feasibility. Applicant respectfully repeat the argument made above regarding the necessity of considering the invention as a whole.

Regarding claim 11, the Examiner states that Yablonowski discloses that procurement is performed in a volume sufficient to increase profit of the saved energy sale. The Examiner references column 6, lines 54-55 of the reference ("Gathered information is then used to run a computer model, for example, to determine the financial feasibility of the project for the alliance, i.e., the margin of profit."). Applicant respectfully submit that they fail to find the requisite teaching of procurement in volume and its connection to profitability in the quoted section. If the Examiner wishes to maintain this rejection, clarification is requested.

Regarding claims 16-17, the Examiner states that Yablonowski teaches that the implementing entity receives an incentive from a utility company to undertake the procurement. The Examiner references a section in which incentives were received by ***end users*** to facilitate their individual procurement of energy efficient equipment (End customers took advantage of DSM in the form of utility funded rebates used to purchase more energy efficient…"). Applicant claim a method in which the ***implementing entity*** that supplies the energy efficient equipment to the end user receives the credit. Such a method and system is neither disclosed nor suggested by Yablonowski.

The Applicant respectfully submit that the arguments set forth above in reference to the deficiencies of the improper combination of Yablonowski and Hickman are of sufficient weight and applicability to overcome the obviousness rejections in which these two references are combined with a third reference. However, in the interest of submitting a complete response to the present Action, Applicant set forth reasons for the patentability of those claims rejected over the three-way rejections. Applicant respectfully submit that the arguments that follow are supplemental to the arguments relevant to Yablonowski in view of Hickman set forth above.

Over Yablonowski in view of Hickman and in view of Adams

Claims 13 and 14 are rejected under 35 U.S.C. §103(a) as allegedly being unpatentable over Yablonowski, *et al.* and Hickman, *et al.* in view of Adams, *et al.* (US 6,154,730). The Examiner asserts that Yablonowski and Hickman teach all of the elements of the rejected claims with the exception of a mode of financing that is credit enhancement.

The deficiencies in the improper combination of Yablonowski and Hickman are discussed above. The Adams reference is directed to a method of acquiring a facility or a team to play in the facility. The method uses the projected receipts of such a facility to finance the construction of the facility or the acquisition of the team. The section of the reference relied upon by the Examiner states that a stadium financing system may require a credit enhancement.

As an initial matter, there is no motivation to combine Adams with the other references. The field in which Adams resides ("stadium financing") appears completely unrelated to the procurement and deployment of energy efficient equipment. Moreover, the Adams reference is utterly silent regarding the use of credit enhancement in any context other than stadium financing. The Applicant respectfully submit that the only suggestion to combine credit enhancement with a method for procuring and deploying energy efficient equipment is found in Applicant's specification. Accordingly, the Examiner has used hindsight to combine the isolated term "credit enhancement" found in Adams with the other references.

Over Yablonowski in view of Hickman in view of King

Claim 15 is rejected under 35 U.S.C. §103(a) as allegedly being unpatentable over Yablonowski, *et al.* and Hickman, *et al.*, in view of King (US 6,148,293). The Examiner asserts that Yablonowski and Hickman teach all of the elements of the rejected claims with the exception of a mode of financing that includes a tax-exempt floating rate.

The deficiencies in the improper combination of Yablonowski and Hickman are discussed above. The King reference is directed to a method of creating a financial instrument and administering an adjustable rate loan system.

As an initial matter, there is no motivation to combine King with the other references. The field in which King resides ("paying/servicing loan agreements") appears

completely unrelated to the procurement and deployment of energy efficient equipment. Moreover, the King reference is utterly silent regarding the use of tax exempt floating rate financing in the procurement and deployment of energy efficient equipment. The Applicant respectfully submit that the only suggestion to combine floating rate tax-exempt financing with a method for procuring and deploying energy efficient equipment is found in Applicant's specification. Accordingly, the Examiner has used hindsight to combine the isolated term "tax-exempt floating rate found in King with the other references.

Over Yablonowski in view of Hickman in view of Wallman

Claim 22 is rejected under 35 U.S.C. §103(a) as allegedly being unpatentable over Yablonowski, *et al.* and Hickman, *et al.*, in view of Wallman (US 6,360,210). The Examiner asserts that Yablonowski and Hickman teach all of the elements of the rejected claims except that the risk of inadequate energy saving equipment performance is undertaken by a party other than the implementing party or the end user.

The deficiencies in the improper combination of Yablonowski and Hickman are discussed above. The Johnson reference is directed to a method of managing the risk of loss in an investment portfolio by assigning some or all of the risk to a third party in exchange for a consideration.

As an initial matter, there is no motivation to combine King with the other references. The field in which Wallman resides ("managing risk in an investment portfolio") appears completely unrelated to the procurement and deployment of energy efficient equipment. Moreover, the Wallman reference is utterly silent regarding the use of risk management in the procurement and deployment of energy efficient equipment. The Applicant respectfully submit that the only suggestion to combine managing risk of equipment underperformance with a method for procuring and deploying energy efficient equipment is found in Applicant's specification. Accordingly, the Examiner has used hindsight to combine the isolated term "tax-exempt floating rate" found in Wallman with the other references.

PATENT

Over Yablonowski in view of Hickman in view of Johnson

Claim 23 is rejected under 35 U.S.C. §103(a) as allegedly being unpatentable over Yablonowski, *et al.* and Hickman, *et al.*, in view of Johnson (US 6,169,979). The Examiner asserts that Yablonowski and Hickman teach all of the elements of the rejected claims except for using environmental rebates to stimulate end users to replace the old equipment with more energy efficient equipment.

The deficiencies in the improper combination of Yablonowski and Hickman are discussed above. The Johnson reference is directed to a computer based sales system for utilities. The section referenced by the examiner refers to providing a rebate to end users for undertaking various activities, e.g., reduction of building humidity, lighting rebate, etc. The Johnson reference is silent as to the element of claim 23 that recites that the credits "...for each of said multiple end user sites are ***aggregated by said implementing entity***." Applicant are the first to recognize the benefits of aggregating both costs and credits across a population of end users to achieve economic efficiencies that are not available in the absence of the aggregation.

CONCLUSION

In view of the foregoing, Applicant believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,

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